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UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PLANNING THE 1937 FARM PROGRAM

My special message to farmers and committeemen as they begin working out a new national farm program for 1937 is that I hope they will keep their fundamental objective always in mind. This should be to devise a program that will help to check soil erosion, to improve soil fertility, to encourage better land use, and to maintain farm income.

H. A. Wallace
Secretary of Agriculture.

Farmers throughout the country are now meeting with their neighbors to plan a program for agricultural conservation in 1937 and later years. Experience with the agricultural conservation program of 1936, with the agricultural programs and plans of previous years, and with the situation that existed before such programs were developed, is the basis of this planning.

Secretary of Agriculture Henry A. Wallace has expressed the hope that in these meetings and conferences farmers will consider and discuss not only the administrative and technical details of the conservation program but the deeper, underlying questions and factors in the whole national agricultural situation.

To keep in mind some of the outstanding conditions and characteristics of the past and present agricultural situation, and thus to help farmers in their consideration of this situation is the purpose of this pamphlet.

The Dilemma of Post-War Agriculture.

The years just before 1933 were marked by certain abnormal conditions that vitally affected the welfare of the Nation and particularly that of its agriculture.

1. Farm prices were the lowest on record, and gross farm income in 1932 was the smallest in more than a quarter of a century.
2. The acreage of cultivated crops was greater than it had ever been except during the World War. The actual acreage of cropland harvested during the 5 years ended in 1932 averaged 360 to 365 million

acres. Farm exports in the fiscal year 1932-33 were the lowest since 1896. To meet normal domestic consumption requirements and all remaining export opportunities not more than 340 to 350 million average acres of harvested crop land was needed.

3. Cutthroat competition among farmers to sell their products had never been sharper or more destructive to themselves; it had forced the prices they were receiving down below the cost of production. To obtain even these prices farmers were exploiting—mining—their soil, neglecting farming practices that they knew they should be following, and steadily building up greater surpluses of farm goods unsalable either at home or abroad, even at unprofitable prices.

4. Soil erosion and depletion, caused by farmers' financial inability to follow conservation methods and practices they knew to be sound had never been more rapid. Farmers overcropped their soil and were wasteful with its fertility; they could not afford to follow the crop rotations and other methods which they knew would check erosion by wind and water and would replenish and conserve the fertility and moisture of their fields.

The Penalties of Farm Depression.

These conditions inflicted upon the American people, both on farms and in cities, the penalty of low national farm income; at the same time they stored up penalties for future generations by wasting soil productivity and menacing the abundance of future supplies.

In May 1933, with these conditions still prevailing, Congress passed the Agricultural Adjustment Act. Congress recognized and sought to relieve both the immediate emergency and the basic difficulty that had created this emergency. Naturally, the immediate economic crisis was uppermost in the minds of everybody, and its solution was the first objective.

The Changes Since 1933.

The years since 1933 have been characterized by certain conditions vitally affecting the welfare of the Nation and particularly that of its agriculture.

1. Farm prices rose and maintained levels close to that of pre-war days. The average, after having dropped to 55 percent of the pre-war level in March 1933, rose to 108 percent of that level for the year 1935 and to 124 percent of pre-war in August 1936. The average exchange value of a unit of farm produce in terms of manufactured goods rose from 61 percent of the pre-war level in 1932 to 86 percent of that level in 1935 and to 98 percent in August 1936.

2. Farmers undertook to shift from 30 to 36 million acres of land formerly in cultivated crops that depleted the soil and permitted wind and water erosion, most of them to soil-conserving crops such

as grasses and legumes. The shift brought a decrease in the price-depressing surpluses and an increase in the plantings of soil-conserving and drought-resisting crops.

3. Cutthroat competition was modified by cooperation among some 31½ million farmers—more than half the farmers of the country—in the effort to make this shift in production with the aid of the Federal Government. Without this aid and without this general cooperation the shift would not have been possible.

4. The exploitation farming of wartime and the desperation farming of depression years began to give way to conservation farming—the balanced production of what the domestic and foreign markets would take, and the preservation of the soil's ability to produce for future generations. The change launched the greatest conservation effort in the history of the country, because it offered a chance for all farmers to cooperate to this end if they wished.

Relief For This and Future Generations.

The present generation of farmers and consumers was relieved from some of its difficulties through the medium of a steadily increasing farm income. Farm cash income for the United States, from 1932 to 1935, has been as follows, including benefit payments starting with 1934:

1932-----	\$4, 377, 000, 000
1933-----	5, 409, 000, 000
1934-----	6, 227, 000, 000
1935-----	7, 201, 000, 000

At the same time a program has been started to safeguard future generations in their income and in their supplies of the necessities of life, through the conserving and the building up of the Nation's greatest and most valuable natural resource—the productivity of its soil.

Aimed at Both Immediate Crisis and Long-Time Problem.

In 1933 it was recognized that the immediate causes of the economic crisis were closely related to forces at the root of the problem of soil erosion and waste of soil fertility. While the emergency attack was aimed at the desperate economic plight of the farmers, the whole program worked definitely toward a long-time goal of soil conservation and maintenance of farm income.

President Roosevelt, in October 1935, referred to the success of the Adjustment Act in meeting the economic crisis and said: "But it never was the idea of the men who framed the act, of those in Congress who revised it, nor of Henry Wallace nor Chester Davis, that the A. A. A. should be either a mere emergency operation or a static agency.

Long-Time Program a Natural Development.

"It was their intention, as it is mine, to pass from the purely emergency phases necessitated by a grave national crisis to a long-time, more permanent plan for American agriculture. Such a long-time program is developing naturally out of the present adjustment efforts. As I see it, this program has two principal objectives:

"First, to carry out the declared policy of Congress to maintain and increase the gains thus far made, thereby avoiding the danger of a slump back into the conditions brought about by our national neglect of agriculture.

"Second, to broaden present adjustment operations so as to give farmers increasing incentives for conservation and efficient use of the Nation's soil resources. * * *

"Tens of millions of acres have been abandoned because of erosion. This jeopardizes both consumer and producer. Real damage to the consumer does not result from moderate increases in food prices but from collapse of farm income so drastic as to compel ruthless depletion of soil. That is the real menace to the Nation's future food supply. That has caused farmers to lose their homes. It has hastened the spread of tenancy. It lies at the root of many serious economic and social problems besetting agriculture.

Assurance of Abundant Food in Years to Come.

"Already the adjustment programs have made important gains in conservation and restoration of soil fertility. Many millions of acres which farmers have signed contracts to divert from surplus production are being devoted to legumes, pastures, hay, and other crops which fertilize the soil and protect it from blowing and washing. * * * Plans are being worked out that should encourage widespread cooperation of farmers in a permanent national soil-maintenance program. * * * It can protect the Nation's heritage of soil, help farmers to produce up to the full possibilities of profitable export, and give this country the safest possible assurance of abundant food in the years to come."

Emphasis Transferred to Conservation Phase.

The definite trend through 1935 of the Government's efforts in behalf of agriculture was to link soil conservation with maintenance of farm income as its two basic purposes. In January 1936 the Hoosac Mills decision of the Supreme Court hastened the development that was already taking place.

The Soil Conservation and Domestic Allotment Act, signed February 29, 1936, was the natural resulting development. Farmers and the Nation had seen the effects of unlimited competition among farmers in an economic world where other groups had been enabled and assisted to cooperate. They had seen this unlimited competition

bring economic ruin to agriculture and to the country. The Nation's consumers depend upon agriculture for their food and fiber, and the Nation's industries and labor depend upon agriculture for much of their market.

Unlimited cutthroat competition among farmers had threatened the welfare, both present and future, of all these groups. Driven by high fixed charges, which remained high through the depression years, the individual farmer had had no choice but to go on producing at the limit of his farm's capacity. Squeezed between low income and the necessity for more production to meet these fixed charges, he had not been able to afford to practice the sound farming practices that he knew. He had been forced to mine his soil, passing along to future consumers the bill for his reckless expenditures of national wealth.

When Cooperation Replaced Competition.

After 1933 farmers and consumers had seen how cooperation among farmers, as contrasted with competition, had produced its beneficial effect upon their immediate economic situation. They had seen increased farm buying power raise the living standards of a quarter of the Nation's population on farms and improve the employment, commercial, and industrial activities devoted to supplying the farm market. They had seen the beginnings at least of the effect of cooperation on the problem of soil conservation.

A Conservation-Minded Nation.

National consciousness has been directed toward a definite and aggressive national effort toward soil conservation, and national understanding of the necessity is now more fully aroused than ever before.

The nation that destroys its soil destroys itself.

Already more than 50,000,000 acres of once productive land in the United States are permanently and totally unproductive because of soil erosion. That is an area as large as the State of Iowa. Another 125,000,000 acres, now in cultivation, have lost most of the original producing soil, mostly from sheet erosion. Another 100,000,000 acres are on the way.

No other nation has permitted soil destruction at so rapid a rate, although civilizations have been changed and nations wiped out through agricultural exploitation and soil erosion. Only the newness and richness of our land has saved us so far; to go on wasting our most valuable national resource at the same rate would fasten scarcity on future generations within a short time.

The threat is not alone for agriculture but for the consumers as well. The reckless expenditure of our national wealth, the fertility of our soil, is of first concern in our obligation to future generations.

Logical Objectives for National Effort.

With the history of the conditions that existed before 1933 and the memory of the more recent developments after 1933 vividly in mind, the logical objectives of a successful national effort in behalf of agriculture were apparent.

Not all of these objectives can be specifically expressed in the language of law—better living conditions on farms, for instance. But a program designed to reach these objectives can very definitely be made possible by legislation vigorously administered, and such a program was made possible by the Soil Conservation and Domestic Allotment Act.

Some Goals Clearly Apparent.

One logical objective, undebatable, is the checking of soil erosion, the improvement of soil fertility, and the encouragement of better land use.

Another objective is the stabilization of supplies of farm products at a fair price for consumers. Violent swings upward or downward in either supplies or prices harm the producer, the consumer, and the economic welfare of the Nation dependent upon these supplies and prices. A supply as constant as possible and a price as constant as possible are most conducive to greater abundance for American farm and city homes.

Still another objective is the reestablishment of a balance between the purchasing power of those on farms and the purchasing power of those not on farms, and the maintenance of that balance. The commonly accepted ratio is that which prevailed during the 5-year period August 1909 to July 1914, which has come to be known as the parity period. If such an income could be assured to the farmer with reasonable definiteness, he would at once resume his historic and useful role of a heavy buyer and consumer of the products of labor and industry.

To Meet the Menace of Drought.

Another objective, seared into the national consciousness by the memory of two disastrous droughts in 3 years, is a workable mechanism with which to alleviate as much as possible the effects of recurring drought and similar natural catastrophes.

It has become very evident that a soil-conservation program is one of the most effective kinds of protection in time of serious drought. The soil-conserving and soil-building crops are generally far more drought-resistant than the cultivated crops. They build the moisture conserving quality which goes with soil fertility. Everyone knows that crops on thin exhausted soils are first to wither in time of drought. Drought-resistant crops furnish more feed. Soybeans, alfalfa, and sweetclover are outstanding drought resistants among

the annuals, perennials, and biennials, and the acreage of these has been greatly increased during the past 3 years as a result of the programs of 1934, 1935, and 1936.

If he could know in advance that a drought was coming, the farmer would do exactly what the soil-conservation programs have encouraged—he would shift a suitable proportion of his land from surplus cultivated crops into these drought-resisting, soil-conserving crops.

General Cooperation and General Program are Essential.

Now, in order to accomplish all or any of these objectives on an effective scale, widespread cooperation by farmers is a prime necessity. Unlimited competition among farmers who had been driven to cutthroat desperation produced the opposite of these objectives; cooperation will accomplish them.

In striving for these objectives certain other fundamental considerations must be kept constantly in mind. Certain tested methods have proved sound; certain principles have produced results.

Democratic processes must be employed both in developing and in administering any successful national farm program. The plans themselves must come from the field and must be administered by farmers themselves and through their representatives. This was the practice in the adjustment programs of 1933, 1934, and 1935, and this has been the practice in the soil-conservation program of 1936. The principle must be maintained in future programs. The holding of community meetings this fall, followed by State and regional meetings, marks the fourth consecutive year in which farmers have cooperated in shaping their programs for agriculture.

Another fundamental principle is that a successful agricultural program for the Nation must not only be a coherent plan designed to benefit farmers and consumers throughout the Nation, but it must also fit the various regions and the various communities with their widely differing conditions. Exposure of the Georgia cotton farmer to unlimited competition in soil exploitation is bound to hurt the Iowa hog feeder just as a decline in the Kansas wheat farmer's income through soil waste is sure to injure business in New England. In order to be most useful, the program must be adapted to the differing problems of different regions. Thus, there is the double problem of regionalizing whatever national effort is undertaken in behalf of agriculture, and at the same time making it fit into a coherent plan for the Nation. Agricultural prosperity is a matter of national and not merely local concern.

Possibilities of Crop Insurance.

Recently there has developed an increasing recognition that crop insurance is another mechanism to be considered in planning the best program for agriculture. Many successful defensive steps against

the effects of drought were taken by the Government in 1934 and 1936. The Government recognizes its responsibility in doing what it can to relieve the shock of drought after it has struck. But it has also the responsibility to be on guard against future droughts.

If practical insurance in addition to resources of a government ready to step in after drought has struck can be developed, the welfare of farmer, consumer, and Nation will be still further guarded. Adjustment programs made a good start toward crop income insurance to farmers. For thousands of farmers, during the 1934 drought, the insurance aspect of the adjustment program provided more income than did the crop itself. The benefit payments helped the farmers to remain on their farms and thus insure continuance of the future's food supply. Storage of surplus corn, sealed on the farm under Government loans in 1933, 1934, and 1935 was another effective insurance measure.

American farmers are now undertaking to develop a workable plan of all-risk crop insurance. It is being suggested that the plan employ the principle of the ever-normal granary toward protecting the consumer and insuring the Nation against the effect of drought, while insuring the farmer, as well as labor and industry which depend on his prosperity, against years of little or no crop income.

Some form of crop insurance, with premiums collectible in good years in the form of insured farm products and with indemnities payable in the same form in years of short crops, seems feasible and would tend to level off highs and lows of supply and price and to promote a farm income more stable and thus more valuable to agriculture and the Nation.

Immediate Preparation of the 1937 Plan Is Essential.

It is vitally necessary that farmers reach a conclusion on their 1937 program by early January 1937. In 1936 the preparation and inauguration of the program were made more difficult because of the late start.

The Soil Conservation and Domestic Allotment Act was approved on February 29; the act appropriating funds to carry on the program was approved March 19. Farmers usually plan their individual operations soon after January.

In order that farmers may thoughtfully develop their judgment on a national program, their consideration of the problems involved must begin at once. The aim of this pamphlet is to assist farmers and community, county, and State committeemen in discussing these problems in the meetings now under way.